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7 BEFORE THE WASHINGTON STATE OFFICE  
8 OF THE INSURANCE COMMISSIONER

9 In the Matter of the Application regarding the  
10 Conversion and Acquisition of Control of  
Premera Blue Cross and its Affiliates

Docket No. G02-45

11 MOTION OF WASHINGTON  
12 ASSOCIATION OF COMMUNITY &  
13 MIGRANT HEALTH CENTERS FOR  
LEAVE TO INTERVENE

14 PURSUANT TO RCW 48.31C.030(4); RCW 48.04.010; and  
15 RCW Chapter 34.05, the Washington Association of Community & Migrant Health Centers  
16 (hereinafter collectively called “Health Centers Association”), moves the Office of the Insurance  
17 Commissioner for leave to intervene in the above matter.

18 The health center members represented by proposed intervenor, Health Centers  
19 Association, have, as required by RCW 48.31C.030(4), significant interests that will be affected  
20 by the Insurance Commissioner’s decision in this matter.

21 **I. IDENTITY OF THE INTERVENOR**

22 The Health Centers Association is a non-profit association representing the  
23 following health care centers located in twenty-four Counties throughout the State of  
24 Washington:  
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MOTION OF WASHINGTON ASSOCIATION OF  
COMMUNITY & MIGRANT HEALTH CENTERS  
FOR LEAVE TO INTERVENE - 1

SEADOCS:141671. 1

MILLER NASH LLP  
ATTORNEYS AT LAW  
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4400 TWO UNION SQUARE  
601 UNION STREET, SEATTLE, WASHINGTON 98101-2352

1 Columbia Basin Health Association  
Community Health Center – La Clinica  
2 Columbia Valley Community Health  
Sea Mar Community Health  
3 Family Health Center  
Columbia Valley Community Health  
4 NE Washington Health Programs  
Community Health Center – La Clinica  
5 Moses Lake Community Health Center  
Columbia Basin Health Association  
6 Peninsula Community Health Services  
Country Doctor Community Health Centers  
7 Community Health Centers of King County  
International Community Health Services  
8 Pike Market Medical Clinic  
Puget Sound Neighborhood Health Centers  
9 Sea Mar Community Health Center  
Seattle Indian Health Board  
10 Peninsula Community Health Services  
Family Health Centers  
11 Family Health Center  
NE Washington Health Programs  
12 Community Health Care  
Sea Mar Community Health Centers  
13 Sea Mar Community Health Center  
NE Washington Health Programs  
14 Community Health Centers of Snohomish County  
Sea Mar Community Health Center  
15 Community Health Association of Spokane  
The N.A.T.I.V.E. Project  
16 Sea Mar Community Health Center  
Yakima Valley Farm Workers Clinic  
17 Interfaith Community Health Center  
Sea Mar Community Health Centers  
18 Yakima Neighborhood Health Services  
Yakima Valley Farm Workers Clinic  
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20 The Health Centers Association employs a full time CEO to oversee the functions  
21 of the association. It is governed by a Board of Directors composed of one person from each  
22 member health center and at least one practicing health center clinician. Any health center that  
23 wishes to be a member of the Health Centers Association must meet the following criteria,  
24 among others:  
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MOTION OF WASHINGTON ASSOCIATION OF  
COMMUNITY & MIGRANT HEALTH CENTERS  
FOR LEAVE TO INTERVENE - 2

SEADOCs:141671. 1

1. Provide comprehensive family-oriented health care services;
2. Have the express purpose of providing primary health care to underserved people; and
3. Provide service to people regardless of their ability to pay for such services.

During 2001, the health center members served a total of 368, 213 patients with a total of over 1,190,000 patient visits in that year. Consistent with its mission to provide healthcare services to the underserved, regardless of ability to pay, 59% of the medical patients seen by the members have incomes below 100% of the federal poverty level. The majority of patients are either on Medicaid (34%) or have no form of insurance (34%) and, therefore, pay on a sliding scale based on family income.

## **II. HEALTH CENTERS ASSOCIATION'S INTEREST SUPPORTING REQUEST FOR LEAVE TO INTERVENE**

A portion of the patients seen by the health center members of the Association have healthcare insurance, in some instances through Premiera Blue Cross. The Health Center members therefore have a direct interest in the conversion of Premiera Blue Cross and how that conversion may impact the ability of their patients to pay for the healthcare they provide. More fundamentally, however, the Health Centers Association has a unique interest in and advocacy position for the population that is underserved in terms of healthcare. The Health Center members may benefit from the creation of a fully-funded, completely independent health foundation as a result of the Premiera Blue Cross conversion.

## **III. RELIEF REQUESTED**

Health Centers Association seeks leave to intervene as a party that, in representing and advocating for health centers throughout the State, has a substantial interest in the Premiera Blue Cross conversion and the health foundation that may come into being as a result of that conversion, if approved.

1 If allowed to intervene, Health Centers Association will request that the  
2 administrative hearing and all pre-hearing proceedings as well as all scheduling deadlines  
3 provide adequate time for participation by it and all other interested parties to allow for a  
4 complete examination of the issues of concern to Health Centers Association. In this regard,  
5 Health Centers Association will request that sufficient time be allowed after intervention, if  
6 permitted, to afford adequate opportunity for discovery and review of expert materials.

7 Of particular interest to Health Centers Association are the following issues raised  
8 by the application of Premera Blue Cross for conversion:

- 9 1. What is the impact of the proposed transaction on the enrollees,  
10 subscribers, contractholders and policyholders of Premera Blue Cross?
- 11 2. What is the impact of the proposed transaction on the general  
12 insurance-buying public?
- 13 3. What is the impact of the proposed transaction on state-funded medical  
14 programs such as Medicaid and the Basic Health Plan?
- 15 4. What is the impact of the proposed transaction on the public health system  
16 and the health care safety net for persons who are uninsured or  
17 under-insured?
- 18 5. What is the full fair market value of all of Premera Blue Cross' assets,  
19 including goodwill, trademark, subscriber lists, and other intangible and  
20 tangible assets? What value would be lost by only endowing the  
21 Foundation Shareholder with 100% of the initial stock (without any  
22 limitation on the future stock that the for-profit Premera can issue,  
23 resulting in the possible diminution of value of the Foundation  
24 Shareholder's stock)? What is the value to for-profit Premera of the  
25 proposed "branding" of the new Foundation?
- 26 6. What is the best way to ensure the full value of Premera Blue Cross is  
passed to the charitable foundation? How does the use of a Foundation  
Shareholder as an intermediary impact the property endowment of the  
charitable Foundation?
7. What will be the structure of the new Foundation(s)? How will the  
independence of the new Foundation(s) be safeguarded? What  
requirements will be put in place to ensure that the Foundation  
Shareholder and the new Foundation(s) are completely independent from  
Premera Blue Cross and are able to maximize assets and effectively  
diversify investments without undue restriction or interference from  
Premera?

1 **IV. CONCLUSION**

2 The Premera Blue Cross conversion application is of immense concern for the  
3 health centers whose mission is to provide health care to those for whom healthcare insurance is  
4 a difficult proposition at best. The manner in which Premera may provide insurance post-  
5 conversion and the nature and operation of any health foundation post-conversion is of  
6 significant interest to the health centers in terms of their ability to continue to provide healthcare  
7 to the underserved regardless of their ability to pay. Health Centers Association requests leave to  
8 intervene in this proceeding and to thereafter participate as fully as allowed by applicable rules  
9 and regulations so that its member health centers and the population served by those health  
10 centers may have a voice in this matter.

11 DATED this \_\_\_\_ day of November, 2002.

12 MILLER NASH LLP

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Greg Montgomery  
WSB No. 7985

16 Attorneys for Washington Association of  
17 Community & Migrant Health Centers  
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1 I hereby certify that I served the original, twelve copies, and a disk containing the  
2 foregoing MOTION FOR LEAVE TO INTERVENE on:

3 Carol Sureau  
4 Deputy Commissioner for  
Legal Affairs  
5 Office of the Insurance Commissioner  
5000 Capitol Blvd.  
6 Tumwater, WA 98501

7 I hereby certify that I served the foregoing MOTION FOR LEAVE TO  
8 INTERVENE on:

9 James Odiorne, Deputy Commissioner	Melanie C. deLeon
10 Washington State Insurance	Assistant Attorney General
Commissioner	Office of the Insurance Commissioner
420 Golf Club Road, Suite 102	1125 Washington Street S.E.
11 Lacey, WA 98504	Olympia, WA 98504-0100

12 Robert Fallis	Carol S. Arnold
13 Assistant Attorney General	Preston Gates & Ellis LLP
Office of the Attorney General	701 Fifth Avenue, Suite 5000
905 Plum Street, Building 3	Seattle, WA 98104-7580
14 Olympia, WA 98504	

15 Michael Madden	Eleanor Hamburger
16 Michael S. Shachat	John Midgley
Bennett Bigelow & Leedom, P.S.	Richard Spoonemore
999 Third Avenue, Suite 2150	Daniel S. Gross
17 Seattle, WA 98104	Deborah A. Dorfman
	David Girard
	Columbia Legal Services
	101 Yesler Way, Suite 300
	18 Seattle, WA 98104

20 Jeff Coopersmith  
21 Coopersmith & Associates, Inc.  
701 Fifth Avenue, Suite 4200  
22 Seattle, WA 98104

23 by the following indicated method or methods:  
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Certificate of Service

- 1 ☐ by **faxing** full, true, and correct copies thereof to the attorneys at the fax numbers  
2 shown above, which are the last-known fax numbers for the attorneys' offices, **and**  
3 by **mailing** full, true, and correct copies thereof in a sealed, first-class postage-  
4 prepaid envelope, addressed to the attorneys as shown above, the last-known office  
5 addresses of the attorneys, and deposited with the United States Postal Service at  
6 Seattle, Washington, on the date set forth below.
- 7 ☐ by **mailing** full, true, and correct copies thereof in sealed, first-class postage-  
8 prepaid envelopes, addressed to the attorneys as shown above, the last-known  
9 office addresses of the attorneys, and deposited with the United States Postal  
10 Service at Seattle, Washington, on the date set forth below.
- 11 ☒ by causing full, true and correct copies thereof to be **hand-delivered** to the  
12 attorneys at the attorneys' last-known office addresses listed above on the date set  
13 forth below.

14 The undersigned hereby declares, under the penalty of perjury, that the foregoing  
15 statements are true and correct to the best of my knowledge.

16 Executed at Seattle, Washington, this \_\_\_\_ day of November, 2002.

17 \_\_\_\_\_  
18 Kristin Martinez  
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